



Office of Mayor Jerry Sanders

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Sanders Gratified by Moody's Affirmation of City Rating

Mayor to Announce City Budget Preparations, Lobbying Trip at Afternoon News Conference

San Diego -- Mayor Jerry Sanders reacted positively to Moody's Investors Service's **affirmation** of the City's various bond ratings, including their A3, "investor grade" rating for general obligation bonds. This action is viewed as a moderately positive sign of confidence and is in stark contrast with the downward spiral of the past two years. During that period of time, reports issued by bond rating firms have consistently either downgraded, or in the case of Standard & Poor's, suspended, the City's various credit ratings.

"We have a mountain of work ahead of us," commented Mayor Sanders. "The City's problems are serious and have long histories; they won't be solved overnight. But I do think they can be resolved with a great deal of discipline. I am gratified by this sign of confidence. I don't think it is misplaced," said the mayor.

While retaining their negative outlook and recognizing that the City's financial stresses are "significant," Moody's also recognized that the financial situation is "manageable" and that the new administration provides "an opportunity to refocus financial management and priorities." Moody's made clear that their affirmation is based in part on the "size and resilience of the local economy." Moody's also noted that the Mayor has designed a new organizational structure and "has filled the new position of Chief Financial Officer with an experienced California finance director [Jay Goldstone]."

Mayor Sanders and his financial recovery team traveled to San Francisco to meet with the Moody's team in late January. The Mayor shared his reforms strategy with them and representatives from the other two major bond rating agencies. Following his trip, the Mayor announced his strategy to restore the City's financial credibility. The strategy included meeting

one on one with the institutional investors that have historically supported the City's financial projects.

In late March, the Mayor will travel to New York (March 27-28) to meet with institutional investors and the financial press; and Washington, D.C. (March 29-31) to meet with Members of Congress regarding Homeland Security funding, financial and political press and to participate in an event for the visitor industry. All of these events are aimed at the City's financial recovery.

During a news conference this afternoon with Council Budget Committee Chair Toni Atkins, the Mayor will announce the conceptual underpinnings of the budget that we will present on Friday, April 14th. The Mayor's budget, the first by a strong mayor, will correct the ills of the past by funding positions that have traditionally been left off past budgets (called "supplemental positions" in City parlance); it will adequately fund overtime for police and fire; fund the City's retirement contribution; it will more accurately project revenue; and identify a deficit, if any, and how it will be addressed.

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